

Strategies in Social Entrepreneurship: Depicting entrepreneurial elements and business principles in SEOs from Germany and Bangladesh

Gorgi Krlev

Centrum für Soziale Investitionen und Innovationen, (Centre for Social Investment),
Ruprecht-Karls-Universität Heidelberg, Germany
gorgi.krlev@csi.uni-heidelberg.de

Abstract. *‘Social Entrepreneurial Organizations’ (SEOs) merge characteristics usually associated with either civil society or the market in a largely unprecedented way. Therefore these hybrid organizations are of increasing interest for interdisciplinary research. The analysis of ten such organizations – five from Germany and five from Bangladesh – based on conducted in-depth interviews reveals that the entrepreneurial dimension is prevailing in both the non-profit and the for-profit elements combined. Additionally business principles are being incorporated in SEO strategies. Consequently unique strategic setups can be identified in such organizations unmatched by traditional classifications of either of the two distinct sectors. Surprisingly strong commonalities can be found in the SEO’s conception across their different fields of activity as well as the culturally diverse backgrounds of Germany and Bangladesh. This paper shows that in both countries innovative models of product or service provision, usually developed by economic entrepreneurs, and business concepts such as ‘customer and competitor orientation’ or ‘unique selling propositions’ are as likely to be found in SEOs as a ‘vanguard role’ in developing social innovation and the striving for societal change of ‘non-economic entrepreneurs’. The Social Entrepreneurship Scheme conceptualized in earlier work aims at capturing the regularly stated ‘blurring of boundaries’ in the light of increasing hybridity of organizations. In the context of this study it builds the framework for classifying the interviewed SEOs and serves as guiding reference for the proceeding discussion.*

Keywords: *social entrepreneurship, ‘social entrepreneurial organizations’ (SEOs), ‘social entrepreneurship scheme’, hybridity, economic entrepreneurship, non-economic entrepreneurship, strategy, business principles, (social) innovation, cross-cultural, cross-sector*

Identifying hybridity, entrepreneurship and business principles in the social sphere

The current social sphere is significantly influenced by mainly three strong, global trends: First, the multitude of serious problems leading to social unrest and calls for more effective solutions to social and ecological disruptions (Bornstein 2007: 6ff.). Second, the moralization of markets (Stehr 2007) leading to more complex demands towards organizational governance and behavior. Third, an increasing awareness of state agencies' limits in social value creation leading to calls for alternative or new organizations to step in (Defourny 2004: 1f.; Nicholls 2006: 1f.). This does apply to both developing countries and to industrialized countries. These trends foster a striving for innovative concepts and the emergence of new organizational forms or organizational change in existing institutions respectively: More and more Nonprofit Organizations (NPOs) are adopting business principles and some are even converting to for-profit organizations while pursuing their social mission (London 2007: 7). In addition to 'traditional' nonprofits, a growing number of organizations from the private business sector as well as civil society start engaging in social value creation of various kinds. Even classical for-profit firms start moving into social sector fields and tackle a range of problems from education over developmental assistance to environmental protection (CASE 2010). This goes in hand with a convergence of nonprofit and for-profit organizational forms (Brody 1996). Thus, we find forms of socially oriented business activity and business oriented social activity in place (Dees 2001: 1; Simms & Robinson 2009: 9).

Many of these developments are associated with the term 'Social Entrepreneurship' (SE). It seems to represent a powerful means in tackling the global social and environmental challenges in an increasingly innovative or economically sustainable and self-sufficient¹ way – combinations of both are also often to be found. Besides, it is interpreted as being a particular example for what is referred to as 'hybridity' (Evers & Laville 2005; Chew 2008: 23; Pache & Santos 2011). 'Hybrid organizations' are said to be merging and applying logics associated with the theoretical categories of the state, the market and civil society which are usually treated as distinct spheres. Therefore it is not only the assumed high social impact potential of SE that makes it so relevant for academic research. It is also its effect on the predominant tri-sectoral model (Pestoff 1992). SE with all its facets might be additional or complementary to existing public or nonprofit activities; it might as well be reshaping or replacing them to a certain extent. Common to both particular traits of 'Social Entrepreneurial Organizations' (SEOs)², namely parallels to innovation as well as the enhancement of social and institutional change, is the concept of 'entrepreneurship'. It thereby seems to serve a bridging function between the social and the economic. A lot of discussions on SE actually draw upon some quite common characteristics of 'classical' entrepreneurship (see e.g. Dees 2001; Mort et al. 2003; Martin & Osberg 2007). Thereby most of them do however remain on a very general, theoretical level. An exception, diving deeper into the various categories is a paper by Austin et al. (2006), which quite broadly compares SE to commercial entrepreneurship in order to spot differences and commonalities. What many existing papers have in common is that they remain limited to entrepreneurship in the economic, or even more narrowly put in the commercial sense. A broader perspective, interpreting

¹ See (Boschee & McClurg 2003) for the differences between sustainability and self-sufficiency.

² Following the reasoning in (Krlev 2011a: 2) the sum of organizations engaged in the field is going to be referred to as 'Social Entrepreneurial Organizations' (SEOs).

entrepreneurship from a societal perspective as is the case for the contributions in (Steyaert & Hjorth 2006), is more rarely to be found. At the same time – although it is often pronounced that SE feeds from for-profit and nonprofit research (which is also reflected in the varying research focus of scholars examining the phenomenon) – most existing studies do not couple the element of entrepreneurship to what we might trace of it in existing for-profit and nonprofit theory in terms of certain roles, functions or practices of organizations. Finally, despite certain exceptions (O'Connor 2006; Hjorth & Bjerke 2006), there seems to be a lack of empirical, comparative studies which may give us a more concrete idea of the practical embodiment of entrepreneurship in SEOs. Hence, the primary goal of this paper is to identify entrepreneurial elements that might be present in SEOs on a theoretical basis. This shall be done using a fairly wide perspective on what constitutes entrepreneurship for society as the underlying rationale. In order to support this effort the paper will draw upon existing entrepreneurial elements in nonprofit and for-profit literature. These theoretical considerations shall subsequently be substantiated and backed up with empirical data. The main research question to be explored therefore is:

1. *What does the 'entrepreneurship' in 'Social Entrepreneurship' refer to exactly? Which entrepreneurial elements can be depicted in SEOs and in how far do these reflect findings from existing nonprofit and for-profit research?*

In order to examine this question, as just remarked, it is necessary to sketch and discuss the full range of 'entrepreneurship' – covering 'economic entrepreneurship' and 'non-economic entrepreneurship'. Thereby the element of entrepreneurship shall not be mixed up with market-like mechanisms that are being discussed in the context of an increasing orientation towards business principles in organizations engaged in the social sphere (Skloot 2000; Alter 2006). Nonetheless, these are part of the influence of the market on SE and have to be included in a complete picture of the phenomenon, complementing the aspect of 'entrepreneurship'. Thus, the examination of business principles builds a valuable additional component in sketching SEO strategies and leads us to the second question of importance:

2. *How are entrepreneurial elements complemented by the influence of business principles on SEO strategies?*

Neighboring concepts to be included in the short review of suitable *for-profit and nonprofit literature* are roles of 'traditional' NPOs, the Social Business concept, 'Strategic Corporate Social Responsibility' (CSR) practices and 'Base-of-the-Pyramid' (BoP) business models. The second step to be performed is to try approving the initial considerations along practical examples. For doing so the 'Social Entrepreneurship Scheme' conceptualized in (Krlev 2011a) is going to be utilized. It is going to build the grounding framework for the proceeding empirical analysis of *in-depth interviews with ten SEOs*.

The overarching dimension of the paper is the *cross-cultural perspective* brought in by the fact that five SEOs are from Germany and five SEOs from Bangladesh. This will help identifying how strong the context specificity of 'entrepreneurship' is and in how far SEO strategies differ across diverse setups. In order to do so, it seems reasonable to pick two countries with very different socio-economic development status. Germany shall serve as an example for industrialized countries for mainly two reasons: First, it is remarkable to find a

growing number of SEOs tackling social problems in a country that traditionally has a strong welfare-state. Second, there are a comparatively large number of multinational corporations that are actively orienting towards Social Business³ practices by collaborating with organizations of the Grameen family of companies. This exemplifies another facet of the appeal social entrepreneurial activity has in Germany and is an indirect connection to the second country to be examined. Bangladesh as the ‘mother of Social Business’ (Yunus & Weber 2007) is heavily dependent on private sector and civil society engagement in social issues. It can therefore be regarded as exemplary for SE in developing countries and has been subject to a considerable number of scholarly research before (e.g. Seelos & Mair 2007; Mair & Marti 2009a), which can be extended by introducing new samples of social entrepreneurial activity.

Consequently this paper is an integrative attempt to bring together current research streams and in doing so to enhance our understanding of the various notions of ‘entrepreneurship’ and business principles in the conception of SEOs. Thereby it aims at covering a broad array of issues and at drawing a rather comprehensive picture, instead of discussing particular aspects exhaustively. The paper has the purpose of opening a variety of fronts and of providing impulses for the future direction of empirical studies on SEOs. Covering a multitude of elements incorporated in such organizations, will allow peers to identify and to examine those in more detail, which are of particular interest to them. Besides, it is exactly an exploration of the *various facets* being combined in SEOs that the paper aims at performing. Since all this could not be accomplished by an analysis focusing on a few selected elements, the paper’s wide perspective has deliberately been conceptualized; accepting that the picture sketched would partly be scattered and vague, due to the magnitude of aspects covered.

Economic and non-economic entrepreneurship

First of all it has to be acknowledged that this paper is not at all capable of resolving the ‘holy grail’ question of what fundamentally constitutes entrepreneurship and recognizes the multitude of research streams and emphases with regard to the concept as e.g. illustrated in (Aldrich & Ruef 2006: 62ff.). Relating to this multitude Grégoire et al. (2006: 361) constitute that there are trends of convergence in entrepreneurship research and rule out that the field has to continue being a ‘potpourri’ (Low 2001: 20f.) of research streams – to date this impression remains to a certain extent. However, this is not to be assessed as a negative trait, but rather as a sign of an overarching function entrepreneurial acting has within society.

Wiklund et al. (2011), in their introductory article of a special issue of ET&P on the future of entrepreneurship research, likewise propose this view and in doing so also hint to extensions of the concept towards the areas of ‘sustainable entrepreneurship’ and ‘social entrepreneurship’. They put forward “[g]iven that we define our field in terms of a phenomenon characterized by change, newness, and development that transcends organizational contexts, it is possible to start addressing a much wider set of important issues” (Wiklund et al. 2011: 6). Upon this background they propose interpreting entrepreneurship as a means of human problem solving, which in turn relates back to the motive of ‘driving (social) change’ inherent to social entrepreneurship. In order to remove ambiguity in the connection of social change and SE as demanded by the scholars, it seems reasonable to connect these issues to the motive of (social) innovation (as has been elaborated on more

³ Social Business has been discussed as a subset of Social Entrepreneurship in (Krlev 2011a).

deeply elsewhere Krlev 2011b). Although it is highly selective, for the purpose of this paper – namely indicating elements of a wide conception of entrepreneurship within the phenomenon of SE – it seems sufficient to draw upon one classic of the innovation stream in entrepreneurship (Aldrich & Ruef 2006: 63) and its contemporary reflection in the light of SE (see Swedberg's discussion of Schumpeterian theory below). Swedberg's contribution does not only extensively (re)interpret fundamental principles, but establishes a link to social change. The procedure chosen for the paper at hand may neglect the richness of the vast field of existing entrepreneurship research, but at the same time seems to be a reasonable and workable option to enhance existing reflections about the connection of a broad interpretation of entrepreneurship and SE. Thereby it may contribute to bridging the divide that partly persists between 'classical' entrepreneurship research and SE research according to Wiklund et al. (2011). Furthermore it represents a context-specific application of notions of entrepreneurship that still seem to be too weakly developed and therefore have to be enhanced according to Welter (2011).

The idea of entrepreneurs as drivers of change goes back to Schumpeter. In his definition of entrepreneurship the element of innovation that is brought in by the entrepreneur through what he calls 'new combinations' plays a major role (1934: 66). By their pushing through of innovative, new combinations rather than by inventions (1911: 175) entrepreneurs drive a continuous process of 'creative destruction' according to Schumpeter (1994: 81ff.). The aspect of innovation is often reduced to technological innovation and therefore change is as often interpreted in economic terms solely as Swedberg (2009: 78) puts forward in a discussion of Schumpeter's theories. Swedberg (2006: 33) has worked on differentiating Schumpeter's theory and puts forward that, especially in his early work of 1911 elements of non-economic entrepreneurship are being addressed in terms of dynamic behavior driving change in areas of the society other than the economic sphere. As Schumpeter's work on the non-economic elements is not very precise, Swedberg tries to derive more detailed metrics for it from the much more elaborated theory on economic entrepreneurship. For the latter he identifies five central characteristics (2009: 82f.; 92f.): (1) a complex motivation decisively shaped by 'the dream to found a private kingdom', 'the will to conquer' and 'the joy to create' (Schumpeter 1934: 93f.); (2) the element of pushing through recombinant innovation in the economic sphere; (3) the necessity to overcome resistance; (4) the striving for commercial and private profit; (5) the fostering of macro-economic changes by 'creative destruction'. Non-economic entrepreneurship is defined in a similar way with certain significant distinctions (2009: 96f.): The motivation is mainly characterized by the latter two aspects while the focus on personal wealth is dropped. Recombinant innovation is pushed forward in e.g. politics, science or social life (Schumpeter 1911: 105ff.) instead of in the economic sphere. The same accounts for the fostering of macro changes focusing on the just mentioned fields. While the facets of resistance towards the two forms of entrepreneurship might slightly differ, considerable commonalities can be expected. However, the concept of 'profit' can be assumed to differ significantly with non-economic entrepreneurship defining profit as the triggering the emergence of 'new developments, "new schools", new parties' (Schumpeter 1911: 110f.) for instance.

Swedberg (2009: 101ff.) underlines the role of entrepreneurs as '*recombineurs*' in any given perspective after proceeding with integrating both economic and non-economic elements into a model of Social Entrepreneurship, which in turn might be interpreted as a distinct *recombination* of existing models itself. This paper will not draw further on Swedberg's conceptualization of Social Entrepreneurship in the context of what he calls 'Schumpeter's model of full entrepreneurship'. It regards the given definitions of economic and non-economic entrepreneurship distinctly applied to be more effective in identifying exactly these elements in SEOs in order to drive a more profound understanding of the

organizations' nature and effects following Swedberg's intention, instead of mixing the elements in a theoretical conception of SE in the first place.

It has to be remarked that entrepreneurship in any sense is not directly linked to start-ups, but can be performed by established organizations as well, a fact that seems to have rather been neglected in SE research (Schmitz 2011).

In any case we see that the aspect of innovation is present in both the 'Social Innovator' school in terms of social and also societal innovation – as a special subset of non-economic innovation – and the 'Social Enterprise' school in terms of economic innovation, while the latter is complemented by the integration of business principles that are not necessarily attached to the concept of economic entrepreneurship as defined by Schumpeter (for a discussion of the two schools see Dees & Anderson 2006 and Krlev 2011a). The utilization of the categories of economic and non-economic entrepreneurship therefore seems to be valuable construct for enhancing an even more differentiated discussion of SE. As remarked earlier these shall be amended by discussing business principles in the context of SEO strategies.

The influence of business principles on SEO strategies

Since the picture on how businesses usually operate seems much clearer than the notions of entrepreneurship, this chapter is less about discussing certain business principles themselves but rather about briefly shedding light upon the question in which particular aspects we might expect their influence in the context of SEOs. Therefore it seems valuable to relate to the term 'market orientation' used by Nicholls and Cho (2006) as an umbrella term for market or business like rationales affecting SEOs. It may be applied in the field of SE with mixed intentions. The usage (1) may refer to business style oriented management aiming at increased efficiency and effectiveness that is supposed to be applied by many of these organizations – including performance measurement, human resource management, financial planning or marketing concepts amongst others (Anheier 2005: 242ff.; Dees et al. 2001). (2) It might refer to the aspect of earned income generation, e.g. through fees, usually contrasted with raising donations and receiving government subsidies (Boschee & McClurg 2003). (3) It can also be limited to the original definition of the term in the for-profit context, namely a strategy of increased customer and competitor orientation (Narver & Slater 1990). All these notions shall be discussed in the following based on a review of nonprofit as well as for-profit literature, after exploring economic and non-economic entrepreneurial elements in the same way.

Identifying potentially relevant entrepreneurial elements

Entrepreneurship theory sheds some light on the supply side character and commercial entrepreneurship of nonprofits. Frank (2006) states that there is a tendency among certain nonprofits, especially newly established ones to address unmet needs with creative models. Badelt (1997) has also recognized this tendency in his discussion of entrepreneurship approaches among nonprofit organizations, but he underlines that there used to be directly opposed tendencies as well. He puts forward the example of organizations engaging in social work that have formerly taken the entitlement of 'entrepreneur' as an affront. This has changed during the emergence of SE that inherently incorporates the concept of 'entrepreneurship', at the latest.

Following Anheier's (2005: 164) proposition nonprofits amongst others often have to act like 'politicians', since they have to promote their cause among their constituencies. Their work often has a sociopolitical dimension. Additionally they do not only have to have the eventual beneficiaries in mind, but require support from their environment. They are furthermore interpreted to be 'visionaries and strategists'. They do not only work to bring societal change according to their vision, but actively work on achieving it through operational strategies. It is to be supposed that these dimensions play a major role for SEOs too as social goals and even the creation of societal change are often part of their mission (Waddock & Post 1991; Mair & Ganly 2010).

Anheier (2005: 174) additionally puts forward the 'vanguard role' nonprofits may take. They can, in a process of experimenting, pioneer new approaches and thereby act as an innovator. While this seems to be particularly true for SEOs, these add a new dimension. Instead of having government or commercial businesses taking the lead concerning the practical implementation and the development of a marketable product based on the innovation, as Anheier presumes, SEOs usually perform these steps themselves (see e.g. the case studies in Alvord et al. 2004).

Steinberg and Weisbrod (1998) moreover point out that nonprofits often engage in price discrimination, which means that they do not charge 'deserving' consumers or they charge them less, while charging less dependent customers higher prices in order to scale their social impact. This 'cross-subsidization' model might obviously also be applied by SEOs. The Aravind Eyecare hospital in India for instance uses exactly this kind of pricing towards poor and wealthier customers (GENISIS Institute for Social Business and Impact Strategies 2009: 50f.). By doing so private institutions can start playing a pivotal role in the provision of originally public goods like healthcare and thereby act as institutional entrepreneurs. SE actually often aims at closing institutional voids. The role of the social entrepreneurial NGO BRAC in Bangladesh in terms of e.g. women empowerment is just one example (Mair & Marti 2009a; Mair & Marti 2009b). Furthermore SEOs usually try to conceptualize their approach as holistically as possible. Existing research shows that they try to see the targeted population as customers, beneficiaries and partners simultaneously. Grameen banks' customers are at the same time its shareholders (Yunus & Weber 2007: 30), BRAC engages in innumerable interactions with the target population. Sekem, an SEO from Egypt engages in a similarly holistic approach. The organization started by introducing organic agriculture in a network of farmers, then developed fair trade practices and later on opened a kindergarten and a primary school as well as a medical center for the surrounding community (Seelos & Mair 2009: 238).

Nonprofits are often simultaneously preoccupied with advocacy work for their beneficiary groups. The word 'simultaneously' is to be stressed here, since nonprofits seem to be characterized by a linkage of strategic roles (Anheier 2005: 176). Nonprofits tend to deliver services or products with a 'plus' (Salamon et al. 2000: 23). Furthermore, it can be stated that nonprofits are "[...] likely to seek out and include the target population for purposes of value formation, and long-term commitment and loyalty" (Anheier 2005: 213). These particularities might as well apply to SEOs, because they have a pronounced focus of the social mission.

The aspect becomes even more appealing when taking into account the complementary findings of BoP scholars. Simanis and Hart (2008), discuss the next generation BoP strategy which might as well be applicable by the different kinds of SEOs. They base their conclusions on case studies from Kenya and India. They do more than ever before stress the inclusion of local partners. In their case, however, it is not existing local organizations, but rather the local communities themselves that are designated to be able to build business models in exceptionally close collaboration with companies. The authors literally opt for a merger of the firm's project team and local community members, including living field experience in the

community for the company staff. The jointly developed business models represents a ‘grass-roots’ approach which is fairly uncommon to especially MNCs, but is regarded to be necessary to drive entrepreneurial activity in this environment. The ‘scaling-out’ process shall replicate the prototype in further communities adapting to local particularities while maintaining a strong connection to the initial incubator. A growing network of such community projects is the goal of the approach. London and Hart stress the building of local capacity in the SE process. It refers to acknowledging and using already existing local resources and simultaneously sharing knowledge, skills and competencies with local partners. All three aspects point to a closer interconnection between the private sector, developmental organizations and local communities (London & Hart 2004: 62f.). ‘Social embeddedness’ (Seelos et al. 2010) enabling a bottom-up development as well as a web of strong connections to a variety of partner organizations and institutions seems recommendable. Co-production (Pestoff & Brandsen 2005) consequently plays a major role in SE.

As discussed in (Krlev 2011a: 3) SEOs can also be expected to act entrepreneurially in terms of resource mobilization. Their complex mission set and challenges in becoming more self-sufficient while refusing from neglecting ‘unprofitable’ target groups forces to be innovative in developing new fund raising and income generating models (Oldenburg 2009: 198).

Repeatedly it becomes evident that SE comprises a large spectrum of organizational forms and works within the intersections of the various sectors. This is illustrated by e.g. the ‘Global Entrepreneurship Monitor’ (GEM). The GEM 2009 for the first time included an extensive section on Social Entrepreneurship. The report (Bosma & Levie 2010: 45ff.) illustrates that SE can take different organizational forms from ‘Not-for-Profit SE’, which is distinguished from traditional nonprofits (the study uses the term NGO), over ‘Hybrid SE’⁴ to ‘For Profit SE’. What is striking in the GEM 2009 is an overlap between reported ‘traditional’ entrepreneurship activity observed for several years and the new Social Entrepreneurship activity. It shows that some entrepreneurs classified as ‘traditional’ actually provided Social Entrepreneurship (Bosma & Levie 2010: 45). The same might be true for the description of the nonprofit sector by Salamon et al. in which SEOs might have been included (2003).

The interconnection of spheres enhances Brody’s (1996: 536f.) analysis that nonprofits and for-profits are not too distinct from each other. She states that the non-distribution constraint of NPOs neither guarantees better social performance in the absence of shareholder pressure nor worse performance due to rising inefficiencies. It is rather e.g. a political, sociological and psychological dimension that preserves a strong for-profit – nonprofit divide between organizations, although both might work for the ‘common benefit’. Doing so has usually been ascribed to NPOs, but it does not need to continue being this way. Brody hypothesizes that e.g. subsidies might be directed more towards socially worthy outputs than to particular organizational forms.

As initially proposed it seems that economic as well as non-economic entrepreneurship driving societal development is present across predefined spheres. This might be considered in the discussion of possible improvements for the framework surrounding the international rise of social entrepreneurial activity.

⁴ The usage of the expression ‘Hybrid SE’ with social enterprises being considered to be hybrid entities themselves (Aiken 2010) underlines that we are in need of comprehensive and more thorough studies of the field of hybrid organization as a whole, distinguishing hybrid organizational setups from hybrid *purpose* organizations (HPOs).

Identifying potentially relevant business principles

‘New public management’ has done a lot to introduce business principles in the public and nonprofit sphere affecting management style, organizational structure and governance (Hood 1995: 96). Further influences from the business sector have resulted in an increase in e.g. consumer orientation (Drucker 1990: 37ff.), which is a construct coined by for-profit scholars – the broader concept being termed ‘market orientation’ going back to Narver and Slater (1990). According to the scholars market orientation is mainly made up by two characteristics, namely ‘customer emphasis’ and ‘competitor emphasis’. Customer orientation means that the organization identifies potential present and future customers and their wants and needs. Competitor orientation refers to the necessity for an organization to spot all existing and potential present and future competitors as well as their short-term and long-term strengths, weaknesses and strategies (see also Kohli & Jaworski 1990). Narver and Slater have verified a positive relationship between market orientation and business performance. This principle has been found to persist robustly even in increasingly competitive environments (Slater & Narver 1994). Given these research findings signs of market orientation can be assumed to be found with successfully operating SEOs. Porter (1996) has extensively elaborated on the aspect of competitive strategy. He underlines that competitive advantages that emerge from improved operational effectiveness is not enough to be successful in the long term. The author argues that it is insufficient to do the same things better than others. Instead he opts for focusing on different activities or doing the same thing in a different way: “Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value” (1996: 64). This is related to his demand that organizations should be preoccupied with the creation and exploitation of ‘distinctive competencies’ (1991: 97). Porter (1996) proceeds by arguing that organizations should strive for strategic fit in order to enhance sustainability of the competitive advantage. This means an organization’s products, services and processes should reinforce each other and thereby increase uniqueness. A network of combined, harmonized activities is harder to replicate than a single unique selling proposition (USP) and the essence of strategy itself. The customer value of one activity can be leveraged by a firm’s other activities. Organizations should strive for extending the uniqueness of their value set while continuously strengthening their activities’ fit. This goes in hand with Porter and Kramer’s (2006) demand for strategic CSR that should match, complement and synergize with the firm’s core competencies. The reasoning might be as relevant for SEO strategies as they are often enterprising in striving for creating social value.

Method and studied sample

The research design used in this paper is comparative, cross case studies (Eisenhardt 1989) based on data collected through in-depth interviews. Those have been conducted in mid 2010 via telephone, taped and transcribed afterwards. The interviewed organizations from Germany are all ‘Ashoka fellows’. Although this might represent a certain degree of bias in the sample, the complex selection process of fellows also underlines that these organizations show above-average traits of SE. All organizations have been independently selected and approached by the author, not via Ashoka. While the chosen organizations, in addition to the element of acting for society, should share an increased degree of innovativeness and/or self-sufficiency, which are usually ascribed to SE (compare the discussion in Krlev 2011a), it seemed reasonable to bring heterogeneity into the sample

with regard to e.g. their field of operation. The selected sample was conceptualized to be heterogeneous in this respect in order to either derive considerable differences in the notions of entrepreneurship and applied business principles across this aspect, or to identify traits that seem to be rather independent of the organizational setup in terms of the service/product offered. The same logic has been applied to the organizations working in Bangladesh, while these tackle more basic issues due to different needs in comparison to Germany. Additionally, while all initiatives from Germany are rooted in civic engagement, the particular needs in developing countries seem to offer more opportunities for commercial businesses to engage in SE. Two prominent examples of such have thus been chosen. Besides, we find a lot of engagement in terms of development cooperation in countries like Bangladesh. That is why the sample also contains a public-private partnership of foreign aid that is complemented by two rather civic initiatives operating in Bangladesh. The heterogeneity with regard to the initiatives' background follows the same reasoning as the one with regard to the branches of operating. A consequence of this approach across both countries is also that we find a variety of funding models in the organizations. Thus, the method of purposeful sampling mainly followed the rationale of heterogeneity sampling mixed with a search for information-rich cases, typical for intensity sampling (Patton 2002: 234f.).

The size of the interview sample is relatively large for qualitative research, so that the validity (Lincoln & Guba 1985) of the results is increased. This accounts even more because of the fact just referred to, namely that the present study covers SEOs across different branches, sector backgrounds and funding models. Consequently we should not only be able to derive very case specific results, but ones with considerable assignability to the vast area of SE. A cross-case accumulation of similar experiences, arguments or propositions decreases suspicion towards context-specificity or personally biased statements by the respondents. The effort to draw a clear picture of the organizations is supported by a categorization of the organizations along the developed Social Entrepreneurship Scheme (SE scheme). Readers will consequently be able to personally judge the findings' degree of transferability (Merriam 1995) to other SEOs.

All respondents are experienced practitioners in the field of SE and have executive positions in their organizations. Mostly the interviewee is even the founder or executive director of the organization. Two limitations are represented by the fact that it was only one person per organization that has been interviewed and that only the viewpoint of egos, but not of alters has been included in the study. The semi-structured interviews included guiding questions on a variety of issues grouped around three building blocks: (I) Some background data on the organization; the self-assessment of the organization's mission and the (envisioned) impacts; the organization's funding structure. These were aiming at deriving a rather comprehensive understanding of the organization, at relating the organizations to each other and at assessing them against the SE scheme. Besides, these aspects feed the second building block. (II) Questions covering strategies, entrepreneurial behavior and business rationales that have helped to conceptualize the organization, to overcome outside resistance and to successfully establish operations. The answers have been analyzed and structured along motives of economic and non-economic entrepreneurship and business principles that could be identified. (III) The examination of relations to and the assessment of surrounding (political) frameworks that have supported or hindered the unfolding of the SEO – some of which might be related to the applied coping strategies. However, these have mainly been developed into another paper (Krliev 2011b). Just two of the organizations preferred to have their organization be anonymized (SICT and PPP). The others are going to be referred to in non-anonymized form. The interviews with SL, IQC, HI, DiD, EWS, GDFL, BGL and PPP that were originally conducted in German have been translated by the author of this paper. In case

of the joint ventures GDFL, BGL and PPP the interview partner was from the private sector company (see the table below for the respective abbreviation).

Locating the SEOs along the SE scheme

The following table gives a brief impression of the organizations' activities (organizations from Germany are found on white background, the ones from Bangladesh on green background). Details are discussed in the subsequent parts, while the discussion tries to focus on the most significant statements of the interviewees due to reasons of capacity. Further, more subtle interpretations of the interview material have been left out. That is why each organization is not discussed in depth with respect to the elements to be examined.

Organization	Mission	Services	Funding
Science Lab (SL)	<ul style="list-style-type: none"> Improve scientific education for pre-school and primary school children. 	<ul style="list-style-type: none"> Direct training courses for children Vocational training for school teachers and kindergarten teachers 	<ul style="list-style-type: none"> Investments by corporations and foundations
IQ Consult (IQC)	<ul style="list-style-type: none"> Start-up assistance for unemployed young people and handicapped people. 	<ul style="list-style-type: none"> Start-up consulting Microfinance services to support start-ups 	<ul style="list-style-type: none"> Clients pay services themselves Service contracts with government agencies Investments by foundations
Hand In (HI)	<ul style="list-style-type: none"> Social reintegration of delinquent young people. 	<ul style="list-style-type: none"> 'Work and Box' programs for reintegration 	<ul style="list-style-type: none"> Service contracts with government agencies Private donations to close funding gaps
Dialogue in the Dark (DiD)	<ul style="list-style-type: none"> Work integration of blind people. 	<ul style="list-style-type: none"> Exhibitions with blind guides Events (dinners) in the dark Leadership trainings for companies conceptualized around the dark 	<ul style="list-style-type: none"> Reached full self-sufficiency after 7 years of government funding support
Elektrizitätswerke Schönau (EWS)	<ul style="list-style-type: none"> Decentralized and democratized renewable energy provision. 	<ul style="list-style-type: none"> Fostering political and ecological change in favor of renewable energy production Selling electricity 	<ul style="list-style-type: none"> Full self-sufficiency
SEO in ICT (SICT)	<ul style="list-style-type: none"> Fostering the integration of ICT in the context of economic and societal development for the poor (mainly through leveraging NGO models). 	<ul style="list-style-type: none"> Various, example: 'Infoladies' provide rural communities with information services, telecommunication devices or education programs. 	<ul style="list-style-type: none"> Private Donations & Venture Philanthropy Corporate funding (profit sharing)
Click Diagnostics (Click)	<ul style="list-style-type: none"> Helping existing NGOs to provide improved healthcare services to the poor with the help of mobile ICT. 	<ul style="list-style-type: none"> Connections between doctors and remote communities are established; digital medical patient records are being created. 	<ul style="list-style-type: none"> Private Donations & Venture Philanthropy Corporate funding (profit sharing)
Grameen Danone Foods Ltd. (GDFL)	<ul style="list-style-type: none"> Fight vitamin and mineral malnutrition by. 	<ul style="list-style-type: none"> Selling nutritionally fortified yogurts to the poor population. 	<ul style="list-style-type: none"> Parent company investments Aiming at full self-sufficiency (still in late start-up phase)
BASF Grameen Ltd. (BGL)	<ul style="list-style-type: none"> Enhancing malaria protection. 	<ul style="list-style-type: none"> Selling long-lasting insecticidal nets (LLINs). 	<ul style="list-style-type: none"> Parent company investments Aiming at full self-sufficiency (still in early start-up phase)

Strategies in Social Entrepreneurship: Depicting entrepreneurial elements and business principles in SEOs from Germany and Bangladesh

Organization	Mission	Services	Funding
Public-Private-Partnership against malnutrition (PPP)	<ul style="list-style-type: none"> Fighting malnutrition by establishing national fortification programs in a multi-stakeholder dialogue. 	<ul style="list-style-type: none"> An appropriate food vehicle, like e.g. oil is fortified with vitamin A by local food producers in order to fight vitamin A deficiency. 	<ul style="list-style-type: none"> Parent company and public investments Aiming at full self-sufficiency (still in early start-up phase)

Table 1 Studied SEOs – Mission, Services, Funding

It becomes evident that the studied and interviewed organizations are going to represent a large variety of types within the SE scheme. This setup is indeed challenging in terms of finding a common language and formulating interview questions that aim at exploring the same issue within different contexts. But this ‘multi-site design’ taking into account different types in several situations with particular backgrounds also increases the possibility of applying the results to a larger variety of other organizations (Merriam 1995: 58). It also enables to build the desired link of qualitative research between “[...] a micro perspective of the data and a macro conceptual/theoretical understanding” (Morse et al. 2002: 18) which is exactly the purpose of this study. The first effort based on the interviews is the classification along the SE scheme. According to the answers of the interviewees the organizations can be located as follows.



Figure 1 Locating the SEOs on the SE scheme Source: according to (Krlev 2011a: 8)

The interviews revealed that the categorization is not always evident. As discussed earlier (Krlev 2011a: 8f.) it is disputable whether government contracts for services and performance based payment as is the case for IQC and HI is to be categorized as **earned income**, or as

‘external contribution’. Similar accounts for SL. It could be interpreted as being self-sufficient, because government subsidies are not given at all. The donations received (which make up 90% of total funding, the remaining 10% are earned income in the classical sense, since they are paid by private schools and kindergartens directly) are quasi exclusively provided by companies that want to foster scientific education in “their” region, a measure that is going to benefit themselves. The link in this case is, however, clearly weaker than if companies funded scientific education on the university level, because the benefit at this level is more immediate in terms of the period of time until the company can make use of it.

The organizations have first been categorized according to the conservative interpretation that this is no earned income, but arrows mark the point where they would have to be located if interpreted in the opposite way (which is favored in the initial conceptualization of the SE scheme).

Click and SICT have been categorized according to their present state. Both aim at increasing their earned income considerably and therefore explore ways that fit in their primary mission. Hence, both gradually drift to the right. Click aims at reaching self-sufficiency in 2013. A means for reaching it is data collection for international institutions which is made possible by the close contact with rural populations.

“In developing countries just relying on patient fees is not going to make the health system sustainable enough. Therefore it is a necessity to have various funding sources. One service in addition to leveraging health services is that we can collect a lot of health related data or social behavior related data. There are a lot of organizations like the WHO (World Health Organization) or the UNFPA (United Nations Population Fund) who are interested in such kind of data.” (Click)

Another mechanism, that also SICT is using, is to let telecommunication companies contribute to the funding, since they do directly benefit from the operations of the organizations.

Is this earned income or a donation? It is to be admitted that the link is much closer in the latter case than for SL, but the general issue remains. The case of DiD is quite clear. It is completely self-sufficient at the moment. It is, however, not to be forgotten that the organization needed significant start-up assistance. Thus, even self-sufficient and successful organizations, might have needed support in the past to become established.

GDFL, BGL and PPP have been categorized according to their targeted profitability. Especially in the case of BGL and PPP, where continuous sales have not been established yet, it is too early to say whether they are going to succeed. However, in case of failing to reach the targets the organizations are not likely to continue their operations. ‘No loss’ is the minimum target for all three. The companies do not have the intention to operate the projects as a form of continuous charity project. The business case is essential for those organizations.

„In my opinion only solid, financially sustainable economic activity leads to social impact that is a) sustainable in itself and b) significant enough. The business model has to be the driving force.” (GDFL)

“ PPP follows a model that is based on financial profits. Therefore it can be operated sustainably and be scaled durably, which is necessary for fundamentally combating malnutrition.” (PPP)

Exactly the same applies to EWS, even though in a very different field and context.

“[...] in the ecological sector it is very important to prove that economic activity can be financially sustainable.” (EWS)

While GDFL and BGL are set up as Social Businesses according to the definition of Yunus (Yunus et al. 2009) containing a non-distribution constraint (1980), PPP and EWS do not have such a constraint.

While EWS expresses that the political dimension might in some cases also prevent people from purchasing electricity from them **the relation of income and social or environmental impact** is mainly a win-win. This is the case for GDFL, PPP and BGL too. The more yogurts, fortified oil (in case of PPP this works via domestic food producers) or mosquito nets they sell the more people are protected or benefit from improved health. PPP regards the business case as essential for this win-win.

“The prerequisite for this win-win situation is the business case. If we did not operate the model as a business case and were dependent on donations for example, then there would be a trade-off between the social impact and our financial interest not to donate until infinity.” (PPP)

IQC offers a service instead of a consumer good, but the underlying principle of the more people they help to establish their own business out of unemployment or despite a handicap, the bigger the impact and their revenue becomes. DiD can also hire more blind people, the more financially successful they are and the more they expand their exhibition, the dinners in the dark or the training services for companies. Click and SICT on the other hand side do have to make a trade-off. Serving some customers, especially the poorest of the poor is far less lucrative than serving people that are still in need, but better off.

“Our income sources are individual and corporate philanthropy in and outside Bangladesh. This is because our target is also to reach people, who cannot pay for a service. Consequently some services are free of charge, some require minimal payments and other services are with full payment.” (SICT)

Similar accounts for HI. Some services are not being refunded by the government, although they are assessed to be very valuable for the delinquent young people and therefore nonetheless provided. Although all children are of same importance for SL, the ones coming from less-advantaged families in terms of income and educational level are in special need of assistance. The assistance is provided, despite the fact that payment is lower or funding harder to get. The sample of SEOs therefore includes ‘trade-off’ and ‘win-win’ situations, but no ‘separate bottom line’ model in the sense of having a commercial business that supports separate, purely charitable activities.

The **degree of innovation** is sometimes hard to judge, especially in interorganizational comparison. The positioning is therefore just a rough indication. GDFL and PPP do in any case follow a new model to fight malnutrition. Existing distributions of vitamin supplementation pills follow a different model. They are neither food nor market based approaches and usually take place once or twice in a year free of charge. For GDFL the engagement in Bangladesh is based on a new model:

“The start was very entrepreneurial, out of the box and driven by the executive board [of Danone], because we needed someone to approve that we could proceed in developing the model, partly past existing internal regulations.[...] This was like flying blind. It was a ‘laboratory’ in which we could experiment and did learn our lessons.[...] The impact within the company has been enormous, because the model represents an extreme ideological innovation.” (GDFL)

The target group of DiD has literally not been served before in terms of making blindness a unique talent indispensable for the job instead of trying to enable people to work despite their perceived ‘handicap’. Meanwhile there have been predecessors providing the same service or product as BGL, but the way of providing it is seen to be significantly more sustainable and complementary to existing ones.

“[...] we believe that the projects run by the ‘national malaria control program’ and the Global Fund are not going to be sufficient to supply all the people who are at risk of malaria in Bangladesh with mosquito nets.” (BGL)

HI and SL had predecessors too, but offer unique approaches in this context with a quality and success rate not met by other providers. EWS had predecessors as well, but has found a unique way of combining and promoting their political mission by acquiring an electricity distribution network and thereby providing democratized renewable energy on their own. ICT has played a role in the development context of Bangladesh before, but SICT and Click significantly enhance existing organizations’ operations for the poor and underserved in a systematic and significant way. Finally, IQC did not invent start-up consulting, but was among the first organizations in Germany to target unemployed young people and handicapped people with a tailored approach.

“[...] in general start-up assistance did not use to be provided for our target groups. It did neither matter in the context of regional development or related fields. We have combined these aspects on ourselves. This is what we based our organization on. This is where we saw a market. There have not been any predecessors of our kind in Germany.” (IQC)

The positioning is not to be seen as an assessment of quality or in terms of one initiative being “better” than the other. It is just about indicating to which extent there has been someone dealing with the issue before or if it is a completely unprecedented approach. Therefore it is also not an assessment of uniqueness. Literally none of the approaches has been fully met by competitors yet in terms of quality, performance or the value proposition, which makes all unique whether there have been somewhat similar predecessors in the field or not.

Depicting entrepreneurial elements

Vanguard roles and institutional entrepreneurs

The preceding discussion on the innovativeness of interventions underlines the potential ‘vanguard role’ of SEOs sketched previously. As also put forward we see that the SEOs usually do not only conceptually pioneer new approaches, but operationalize them autonomously or do at least assist in this matter. Thereby they do foster change of the institutional structures in their fields of activity and related spheres.

EWS’ strongly present political mission is illustrated by the interviewee’s statement. Their goals with regard to structures in the energy sector are:

“Nuclear power phase-out, climate protection and decentralization as well as democratization of energy production. [...] Selling renewable energy is hardly termed ‘Social Entrepreneurship’ at first sight, but EWS does a lot more than a conventional electricity supplier as just indicated.” (EWS)

Strategies in Social Entrepreneurship: Depicting entrepreneurial elements and business principles in SEOs from Germany and Bangladesh

SICT interconnects their operations with a research division. Thereby practical impacts can be underscored academically and transferred to other contexts and academic research can deliver impulses for new project approaches in turn. The organization tries to share research findings with relevant institutions. Click sees a major impact in creating digitized patient records, which represent a grounding basis for sustainable and reliable medical assistance in poor and rural areas. BGL stresses the dimension of a multi-stakeholder dialogue and an enabling framework that is necessary to create national food fortification programs.

“First, we aim at initiating an efficient, activity-oriented multi-stakeholder dialogue. Second, we want to build technical capacity with the local edible oil producers and third we will support the creation of an enabling market framework for our intervention.” (PPP)

IQC puts forward that the organization defines a part of their success in establishing common standards in their field of activity that public agencies consequently build upon in the conceptualization of new tenders.

“To a certain extent it is to be regarded a success when particular products succeed on the market, when services that we offer or particular standards that we have developed appear in public tenders. This is a success for society.” (IQC)

SL mentions that the organization has been involved in the creation of public kindergarten curricula due to their expertise in early age scientific education.

“Our mission is very clear. We want to change perceptions of scientific education in general, on a societal level. [...] At the kindergarten level this subject had been completely neglected. In Bavaria for example we participated in developing the curriculum for elementary education, we wrote the parts of it that focus on natural sciences.” (SL)

DiD concretely aims at bringing handicapped people and non-handicapped people closer together and wants to build experiences of ‘social learning’ into university curricula.

“We aim at reducing barriers between the sighted people and the so called ‘handicapped’ people. [...] My idea is that trainings conceptualized around the dark should be institutionalized in the context of ‘social learning’ , for example in MBA studies. This is our goal that we are working towards.” (DiD)

In this respect, in addition to the ‘vanguard role’, the interviewed SEOs act as institutional entrepreneurs influencing social or education standards as well as shaping health care prevention systems and market environments necessary for leveraging the interventions, a role that would usually be ascribed to non-economic entrepreneurs.

Fostering societal change

The preceding examples are complemented by the fact that some organizations explicitly state that they want to foster change in societal attitudes (as can also be recognized in SL’s and DiD’s statement above).

PPP strives for positioning the topic of nutrition as central to development in developing countries. HI in turn wants to show that positively influencing the personality of people is possible and that delinquent people can find their way back into society and the job market. The change in societal attitudes towards this issue shall be promoted.

“[...] we want to cause societal effects with our activity. We want to show that positive change in personalities is possible. It is a primary goal to foster change of societal attitudes in this regard in an activity-based form – not only in theoretical terms but in action – with measurable results.” (HI)

The organization’s efforts shall also affect the future of SE.

“Social Enterprises in ten years time will have totally different external conditions as the ones I had to face. The pioneering work taking place today will have positive effects on attitudes towards Social Entrepreneurship, but it is also linked to resignation to a certain extent.” (HI)

GDFL has the vision of a permanent engagement of commercial business in SB and sees the sector in the responsibility to do so and surrounding constituencies to push for it.

“In my opinion the governments globally shall recommend to corporations to do the following in one way or the other: It should not be worthwhile to strive for a rate of return of e.g. 15 percent. Economic activity would be more ‘healthy’, if companies generated a rate of return of ‘only’ ten percent and invested efforts usually dedicated to the other five percent into sustainable, social impact. [...] This would be a massive breakthrough in thinking.” (GDFL)

EWS refers to its high reference power and impact on the public discussion of renewable energy provision, but underlines that impact, especially in a socioeconomic and political context is hard to assign to particular organizations.

“A cause-reaction relationship is hard to identify. You start a discussion, then it is continued by others, you do networking, you do grass-roots work, you do campaigns, then all this spreads and gets bigger. Others do similar things. Eventually you cannot say: ‘Ah, this is what I achieved’.” (EWS)

Nevertheless we see that SEOs strive for e.g. lowering cultural barriers between people or for promoting sustainable developments in energy production. But SEOs do not only affect developments in their targeted field of activity. They drive change with regard to cultural attitudes towards engagement in the social sphere and general conditions for it instead – e.g. in terms of attracting more firms to engage in social business or shaping attitudes towards SE. Consequently they can be described to act as ‘visionaries and strategists’ as initially suspected. The reference to a certain resignation by HI hints to the necessity of exploring existing frameworks for SE and implications for their timely improvement.

Grass-roots activities

Establishment work at the local level is important for SEOs in industrialized countries as it is in developing countries. GDFL and BGL involve ‘Grameen ladies’ as micro-entrepreneurs in their distribution network. SICT and Click stress the usage of NGO resources on the ground. In the struggle of establishing their organization SL also had to choose a ‘grass-roots’ approach. The context is certainly different from the examples in developing countries, but work on the ground has been as necessary to set up the organization.

“It really has been a kind of grass-roots activity. The first kindergarten teachers who did a vocational training with us said to their fellows: ‘This is the best thing I ever did during my career’. These reactions caused a pull and attracted more and more educators.” (SL)

Thus, spreading of the concept through personal recommendations has been necessary while a top-down approach backed-up by the responsible ministries e.g. might have been much more effective in the first place. EWS also had to engage in extensive work on the ground in order to convince people from their idea of decentralized and democratized ecological energy production, since politicians have resisted supporting their ideas. Thus, the organizations engage into this 'bottom-up' activity partly because it is necessary to reach the people, to convince them and to thereby make their intervention more sustainable.

"We have only been able to build our image through the fact that we succeeded in reaching our goals by our own efforts. Therefore I am not sure whether we could have been successful, if we had had a lot of 'external' support." (EWS)

This is linked to the subjects of societal awareness raising and acceptability. But the missing support from the top, namely the government, and missing infrastructure played a major role in having to engage into this kind of activity too. Missing infrastructure is to be seen in a very physical dimension in Bangladesh, but it may also be interpreted as a very impermeable federal educational system or an electricity market highly regulated in favor of formerly state owned oligopolistic utility companies, which has been the case in Germany until the late 1990s.

There are exceptions to this rule. PPP e.g. approaches the issue rather from the top. This strategy, however, requires a joint effort of strong, well-established partners. Awareness, trust and credibility building consequently take place at a different level initially, but are of major importance in any case.

Empowerment of target groups and surrounding constituencies

Another essential aspect is the empowerment of the target groups or surrounding players. While GDFL, BGL, PPP and Click primarily still deliver the means to tackle the social problem themselves, they include local industry, micro-entrepreneurs or health workers in the provision of the service. Others even make the target group become the immediate problem solver through providing targeted assistance. SICT e.g. helps farmers to increase their knowledge base and communicate more easily, but they are the ones using the service to create economic value. IQC assists in the establishment of a new business, but it has to be run by the unemployed or handicapped person eventually, who thereby often creates new employment himself/herself.

"These are people without the adequate education for instance. We want to support them to do their own thing, to take their fate into their own hands." (IQC)

SL enables school and kindergarten teachers to transmit their concepts to children and thereby to multiply it. DiD opens employment opportunities for blind people, but simultaneously grows with their impulses and competencies:

"This is how it started: [...] Our blind chief guide had the idea that we could address companies. Then we started exploring, asked ourselves some questions: What happens in commercial business? Which learning targets does a job or leadership training have to have and how can we create it by making use of the dark? We have developed ourselves further and now we are doing a great job." (DiD)

The 'beneficiaries' have thereby enabled DiD to develop their business model further.

Innovative, partnership-based operation models

Engagement in partnerships is a further crucial strategy for SEOs. The focus lies, however, less on a subsequent evolvement of single partnerships. Many of the interviewed organizations have been engaged into proper partnership networks in a very early stage of evolvement. In many respects partnership is even the essence of the SEOs' business models and might therefore be interpreted as an example of economic entrepreneurship in terms of business model innovation. This accounts in particular for SEOs like EWS that actually emerged from a societal, political movement.

“Being part of a network and thereby increasing one’s own significance is essential especially in the ecological sector. You become reassured that what you do is supported by many others. Often you have failures to cope with. In these cases it is important to feel supported by a strong network.” (EWS)

EWS furthermore underlines the aspect of expertise transfer through partnerships:

“GLS bank is the biggest and oldest, ecological, social and ethical bank in Germany. Understanding the grounding logics of this kind of banking has been tremendously important for us, especially in terms of statements on issues of: ‘What to use money for? How to give a meaning to money?’” (EWS)

HI underlines the necessity of being integrated in a strong network in the area of SE since the field is very challenging to operate in:

“[...] it is always useful to engage in partnerships in our field of activity, the more the better – with corporations or other organizations. Both is important. Otherwise you find yourself alone way to fast.” (HI)

Especially most interviewees on the left hand side of the SE scheme had to establish contacts to private social impact investors and set up a consulting relation with a long-term perspective. Partnerships are used as platforms for discussion, expertise transfer and the possibility of benefitting from increased credibility and mutual learning.

For BASF and Danone a partner like Grameen with standing contacts and local knowledge as well as experience in reaching the poor was indispensable for engaging in a Social Business venture.

“Because of the fact that Grameen has a wide and well established network in Bangladesh reaching the target population is not difficult at all. BASF itself does not have this network! And we would never be able to build it. [...] Our joint goals would almost be incompatible without having Grameen as a partner.” (BGL)

PPP underscores that the complementary competencies of a private sector company and a public developmental agency are the foundation for successfully engaging in the field of Food fortification at all. This has a lot to do with different fields of expertise that have to match as well as the question of legitimacy towards different stakeholders like the local food producers in the country on the one hand side and the local authorities on the other. The private sector company puts forward that engagement in the field is very difficult without a public partner.

Strategies in Social Entrepreneurship: Depicting entrepreneurial elements and business principles in SEOs from Germany and Bangladesh

“We [the private firm] have first tried to do it on our own. But we have recognized that we need the support, the competencies and the connections of our public partner to get access to local public authorities that can shape the market environment. We [the private firm] can always make valuable contributions by providing technical input to the local industry, but the contribution remains incomplete if surrounding conditions do not fit.” (PPP)

International NGOs can also play a decisive role for acquiring legitimacy and credibility just as local public agencies are necessary to realize the intervention.

“International NGOs are valuable partners in terms of political advocacy and for setting up a holistic food fortification program. Furthermore you need the commitment and participation of several national ministries, like the ministry of health that has to decide on fortification levels in the food.” (PPP)

GDFL names GAIN (Global Alliance of Improved Nutrition), an international NGO engaged in the field of nutrition, with similar arguments and puts forward that it is willing to be critically assessed by it.

“GAIN is the best example. GAIN has a high credibility and valuable competencies with regard to the fortification of food with vitamins and mineral nutrients. We [the joint venture and the private firm itself] are willing to be critically assessed by the organization.” (GDFL)

SICT and Click fundamentally built their model on cooperation. They engage in leveraging the existing operations of NGOs by their competencies.

“First, we have been experimenting in order to develop the best model for our purpose. We found that working with local partners and helping the local organizations increase their capacity is a more sustainable way than direct intervention from our side. Now, in the second stage we are supporting more than 100 organizations, which are implementing models developed by us.” (SICT)

“In Bangladesh there has not been anything comparable before the foundation of Click. There have been NGOs reaching out to the poor people. But what we are doing is to provide the existing NGOs with technology. Thereby we significantly increase the interventions’ efficiency. [...] What we aim at is to create models that a variety of economic players can tap into and get economic benefits out of while creating a lot of social value. This is only possible, if you are partnering with different kinds of organizations.” (Click)

Click puts forward a concept that comes close to an open source model with the combined aim of creating private gains and social value. Those two organizations, however, do not focus on local partnerships exclusively, but maintain connections to international organizations simultaneously. SICT’s collaboration with an international NGO from Canada is a practical, successful example of Edwards et al.’s argument that collaboration between “Northern” and “Southern” organizations should become the rule rather than the exception with Northern NGOs helping local initiatives to leverage their strengths (Edwards et al. 1999: 131f.) as SICT itself puts forward.

Although most of the organizations are rather young, some of them certainly have passed the critical start-up phase. Their attitude towards partnerships supports Sharir et al.’s findings that successful collaboration has a significantly positive effect on the ‘long-term survivability’ of SEOs (Sharir et al. 2009: 90f.). The discussed SE ventures even seem to have in common that they are more dependent on combining and merging often very divergent capabilities,

resources and expertise. This might evolve through the fact that increasingly hybrid demands have to be fulfilled by the organizations right from the beginning. It might be perceived that SEOs thereby drive ‘business model’ innovations in the sense of economic entrepreneurship. For building their coalitions SEOs do not least have to act like ‘politicians’.

Innovative funding practices

As put forward by Oldenburg (2009: 198) SEOs do indeed act entrepreneurially by tapping into several funding sources in a way distinct from what we might expect in the case of ‘traditional’ entrepreneurs.

Some are directly targeting end users: GDFL with its yogurts; BGL with its mosquito nets; EWS by selling electricity; DiD by their exhibition, the dinners and leadership trainings for companies. Some of them like BGL and IQC – that addresses individuals to a minor extent but mainly applies for tenders issued by government agencies – try to enable end users to pay for the services through providing microcredits of different size.

Others are trying to involve third parties, which are direct or indirect beneficiaries of their model into their funding structure. One beneficiary might be the government as is the case for IQC that creates employment for *and by* unemployed people through start-up assistance and for HI that reintegrates delinquent young people that would otherwise cause costs of imprisonment.

Further beneficiaries are companies in the case of: PPP that addresses local producers to fortify food; SL that provides companies with the possibility to enhance education in their region. The latter accounts also for Click and SICT in particular. They try to raise new mission related income sources by teaming up with ICT companies that have an own business interest in the scaling of the SEOs’ model.

“And local corporations are also starting to work with us. For example a few banks and companies that are involved in green energy or retail or internet service providers. [...] [T]he partnership with us helps them to reach the rural markets in particular.” (SICT)

“If our model grows, their [telecommunication companies’] core business also grows.” (Click)

This enables the organizations to engage in a cross-subsidization model in order not to leave the ‘hard-to-reach’ and ‘hard-to-serve’ behind (Seelos & Mair 2009: 236).

Depicting business principles

Performance measurement

The initial statements about the impact created by the interviewed SEOs are not only based on personal perceptions, but have mostly been underlined by performance and impact measures. IQC e.g. uses an SROI (Emerson et al. 2000) approach and calculates that benefits created are outweighing costs by a factor of around and above three.

SL engages in conducting surveys among children, their parents and teachers also on a long-term basis to assess the success of their programs.

“We established the organization without having the interest of benefitting personally from it in financial terms, but with the intention to act entrepreneurially in any other respect, e.g. with regard to decision making, quality assurance etc. [...] How do we measure it? [...] we do surveys with the parents and the children at the end of each course. Furthermore we do surveys with the participants of our vocational trainings after each course and once again after two years. Thereby

Strategies in Social Entrepreneurship: Depicting entrepreneurial elements and business principles in SEOs from Germany and Bangladesh

we see that 80 percent of the educators who have participated in one of our vocational trainings are still engaged in these issues and continuously apply our concepts.” (SL)

By doing so SL is able to monitor the impact of their concept, increase credibility or make necessary adaptations in order not to lose its ‘vanguard role’.

This role can also be ascribed to HI. The organization has a success rate of 80 percent in terms of bringing delinquent young people into employment sustainably, while public reintegration programs usually have a recidivism rate of about 80 percent. This has been triggered by an inherent performance orientation of the organization.

“The stipulation simply is: success orientation. Our goal was the reintegration of at least 70 percent of the people we work with. The success orientation triggered the development of means and methods that enabled us to realize that success.” (HI)

While GDFL and BGL as well as PPP in particular are just at the beginning of operations in Bangladesh they have clearly measurable goals, namely the coverage of their products in the country and the resulting reduction in vitamin deficiency or malaria prevalence. It is, however, going to take some more years to effectively measure their impact.

Earned income and business practices

Simultaneously the SEOs stressed an orientation towards efforts of increasing self-sufficiency as part of their mission. As underlined in the classification of the SEOs along the SE scheme the organizations having emerged on the commercial business side put stronger stress on this aspect and actually made it a precondition for their engagement (GDFL, BGL, PPP), while the ones having emerged from civil society are less driven by this aspect (SL; DiD). Nevertheless, organizations ‘from both sides’ use a common language to underline the necessity of following business practices.

“You will never be able to run a Social Business sustainably, if you neglect fundamental principles of economic activity. This is an adjustment to an otherwise socially romanticized approach. The approach does only work when you apply business practices in a sufficiently ‘cold blooded’ manner.” (GDFL)

“[...] I recommend everybody to apply tools and knowledge from commercial business right from the beginning. Controlling is crucial as well as business outlooks and liquidity planning – very classical and also very hard instruments – otherwise the whole thing might degenerate to mere social romanticism.” (DiD)

The proceeding discussion will show that SE nevertheless adds a special perspective to the business view.

Market orientation (customer orientation)

Market orientation is of significant importance for the interviewed SEOs. However, ‘customer orientation’ has a more complex meaning for SEOs compared to commercial businesses. Customers of SEOs are embodied by end users, classical nonprofits, the government, foundations or individual donors. Most of the SEOs across Germany and Bangladesh have multiple customers. In consequence it is more demanding to capture their multi-faceted ‘customer-orientation’ compared to commercial business, which usually either serve end consumers or other businesses, sometimes a combination of both.

As already discussed GDFL, BGL and EWS directly sell to the end consumer. SICT and Click do both primarily work with NGOs which are partners and to a certain extent also customers simultaneously. Click additionally aims at establishing end user services. PPP works with local food producers in order to reach end consumers with the fortified food. For IQC the customer in many cases is both, a government agency paying for the service and the unemployed or handicapped person aiming to establish an own business simultaneously.

“We have a dual understanding of the ‘customer’, like many other social enterprises. We need support from foundations or from public agencies. In these cases the foundation or the public organization is the customer. When we approach a job center and offer them services, then the job center is our customer. [...] Finally we also have the classical ‘end customer’, the jobless people who want to start their own business.” (IQC)

Similar accounts for HI with its reintegration program for delinquent young people usually being financed by the government. Demands from both sides eventually have to be met. DiD targets end users through their exhibitions or ‘dinners in the dark’ as well as companies through leadership trainings, while the actual beneficiaries are the blind people that the organization employs to deliver those unique services. SL directly addresses companies or foundations to pay for services delivered to children or vocational training for teachers. Some courses are also paid by mostly private schools or kindergartens directly or by the children’s parents.

Despite the very different ‘customer groups’ the organizations’ strategies are all very similar. IQC for instance states that the organization acts market-oriented:

“We act with a business manner, which means that we are always oriented towards the market and try to identify where we see the demand, in our case the demand for ‘social products’. [...] We act like a commercial business with the exception that our service is not a commercial but a social one.” (IQC)

SICT talks about developing USPs for their customers. Click refers to a significant ‘value added’ that is realized through the establishment of a permanent connection of patients to a doctor network. PPP remarks that it is crucial to convince their customers, in this case the food producers and partly also the government of the effectiveness, the quality and the impact of the intervention to get them on board. It is furthermore necessary to offer supplementary services like technical or policy consulting respectively to succeed with the own mission and striving for sustainable impact. BGL underscores the ‘value added’ of their product (its insecticidal activity complementing the physical barrier of a mosquito net) that shall convince consumers to buy it. In their opinion the social mission the organization is following is worthless with regard to the individual buying decision.

“On the market we differentiate ourselves solely by the characteristics of our product. The product has a value added [the insecticidal activity] which is reflected in the price. Our net is simply more costly [than the ones that do only represent a physical barrier]. The customer, however, usually understands this. Either the customer says: ‘I accept the deal’, or he chooses not to do so.” (BGL)

GDFL stresses customer focus in a similar way, but also pronounces particularities of customer orientation in the context of SB or SE. The organization stresses that it is important not to fully rely on previous commercial experiences.

Strategies in Social Entrepreneurship: Depicting entrepreneurial elements and business principles in SEOs from Germany and Bangladesh

“You need classical tools, e.g. there has been a thorough market analysis to find out which product could develop into a mass product in the country. But from my point of view it was also crucial to leave out or redesign certain management practices.” (GDFL)

For example more thorough exploration of needs and capabilities at the local level is needed in comparison to commercial businesses. Small scale, decentralized production might be another necessary aspect to be able to serve customers in developing countries. The necessity of adaptations to commercial consumer orientation does not only account for developing countries though. Involving or dealing with blind people, delinquent young people, unemployed people or children in a targeted way obviously needs more thorough reasoning on customers needs than ‘ordinary business’. SL states that their approach is designed along recent pedagogical standards that are not matched by other providers. It does furthermore stress the continuous advancement of their services that always happens with the well-being of the children as the primary goal. Similar accounts for HI. The organization refers to the uniqueness of its approach that emerges from the therapeutic and pedagogical dimension of the concept. Therefore it is not sufficient to explore which products or services are going to be successful, but to more thoroughly explore how they have to be shaped to meet the needs of the target groups.

With regard to consumer orientation EWS adds a further perspective and interestingly outlines which significant effects the incorporation of the political mission can have on the customer tie as compared to purely commercial consumer orientation.

“At the beginning EWS was so well known because of the preceding citizens’ decisions, donation campaigns etc. that the people were happy to be able to buy electricity from us [...] [o]ut of the ecological perspective, but also because we are so rebellious. [...] We only do little advertising. Most new customers are attracted by current customers. [...] People often approach me and say: ‘Hey, I am also member at yours now!’ Thereby they do not mean that they have become members of the cooperative society, but that they buy electricity from us. [...] It makes a huge difference how you deal with customers: ‘Are they only customers or fellow campaigners?’” (EWS)

This statement illustrates identification with the company coming close to establishing a cohesive community that is probably very rarely found in ‘ordinary business’ and seems inherent to organizations engaged in SE. These particularities at EWS come in combination with another, rather classical aspect. The fact of establishing customer oriented services helped the SEO to attract customers from the big utilities that had cultivated a public administration like, little customer friendly way of dealing with their clients until the late 1990s. In combination these two elements enabled EWS follow an offensive strategy aiming at taking three customers away from the big utilities, if they succeeded in attracting one of theirs.

The last fact can be identified as ‘competitor orientation’, which is also found in other SEOs and therefore bridges over to the discussion of the second aspect of ‘market orientation’.

Market orientation (competitor orientation)

The statement of EWS exemplifies ‘competitor orientation’ in a very pure form, as defined earlier. However, in SE there seems to be a certain tendency towards a mixture of competition and cooperation.

DiD emphasizes that their strong image and the explicit social orientation of the organization is a useful aspect for differentiating themselves from increasing competition by followers. Some of them try to replicate the ‘dinner in the dark’ without employing blind guides.

However, in case followers replicate their approach with a similar intention, DiD assesses it positively. IQC even occasionally engages in combined efforts with mostly indirect competitors in case of applications for funding or to be able to offer even more holistic services.

“[...] when ever it seems recommendable we try to create win-win situations and try to address foundations in cooperative efforts for instance.” (IQC)

Collaboration in this case leads to a combination of distinct value propositions to an even more unique combination.

However, if ‘me-too’ providers, who did not have the costs of concept development, try to drive others out of the market it is to be assessed as problematic. In such cases IQC differentiates itself through the quality argument of unique selling propositions and driving innovation even further. By putting forward USPs the statement establishes a link back to the concept of customer orientation and underlines thereby that the two elements of market orientation are inherently interconnected.

“[...] we are economically dependent on being able to position and sell the new models that we develop on the market. [...] We always try to avoid price competitions and to succeed by stressing the quality or ‘unique selling propositions’ of our services.” (IQC)

SICT puts forward that it resigns from fields, where it sees that followers do better.

“[A]t the beginning we have been opening many fronts, because literally nothing was there. Now, when we see that someone else has entered the field and is doing good work, we are leaving that field to concentrate on others.” (SICT)

However, this is not just a move driven by business reasoning to exit markets where others perform better. SICT actually tries to assist followers for the sake of the social impact. In many cases the organization even proactively works for increasing competition in their field of activity. Nevertheless the acceptance and support towards competitors is fundamentally linked to the quality of services they provide, which has to be higher than the own one.

A very similar reasoning applies to SL. The SEO promotes that it has the ultimate goal of making itself obsolete. The organization works for integrating their activities into the general school system, which should be providing high quality basic education. SL might then focus solely on the role of an innovator striving for developing existing standards further. Consequently the organization also appreciates followers, but has high demands towards the quality of the ‘me-too’ service.

“The first step should be a cooperation with public administration that leads to increased interweaving. Our goal eventually is to make ourselves redundant. We have to reach a stadium in which we are not needed anymore. [...] I am glad to see others copying us, but only if the copy is a good one, if others copy our concept with a high standard of quality. [...] You can’t simply send university students or scientists to the kindergarten, if those have no prior experience in working with children. This way the course is going to be a lesson for the students or the scientists, but not for the children.” (SL)

To summarize, we see that in case the quality of competitors’ services is inferior the SEOs will continue to strive for outperforming them. Consequently this trait is not to be interpreted

as a weakness, but a striving for concerted manners towards social value creation, which might be levered but not dominated by the business reasoning applied.

Unique fit of services

A further characteristic of the SEOs is a striving for creating a unique fit of strategically combined activities. This goes even further than offering ‘value added’ and helps to create sustainable competitive advantage. Click combines the establishment of digital connections between patients and doctors with the creation of medical records and the provision of health related data to international organizations. SICT combines research with action programs and builds strong connections to existing NGO interventions. The organization furthermore aims at creating a unique set of competencies by adapting to new developments. The services offered are thus in continuous flux. PPP combines public competencies like the provision of policy advice with private business competencies like technical assistance and thereby is able to provide value that one party alone is not capable of creating. Since partnership building requires a lot of efforts, it is hard to imitate. The participation of Grameen in GDFL and BGL, with its exceptional, standing distribution system gives the organizations a distinct edge complemented by the product expertise of the private companies. DiD has continuously expanded their offerings. The exhibition and the dinners in the dark have been complemented by leadership trainings for companies.

“In order to decrease our dependence from external contributions we have tried to substitute them with new services conceptualized around the dark. We have succeeded in doing so by developing the job and leadership trainings and the ‘dinner in the dark’.” (DiD)

Services are currently even developed further. First applications in universities have been introduced. Expertise acquired through the broad range of services makes the organization unique. IQC in turn directly referred to one of their goals being to provide custom-fit services.

“We always aim at developing tailored services. ‘Better’ for us means ‘tailor-made’.” (IQC)

Besides they neatly complemented their start-up consulting by including handicapped people as a new target group. For private start-up projects the organization offers special support through the provision of microcredits.

SL offers trainings for school and kindergarten children as well as trainings for their instructors. Through this ‘train-the-trainer’ approach the SEO created a possibility to merge experiences from both sides. HI is currently developing a new work integration program for delinquent young people complementing their original ‘Work and Box Company’ approach. Besides, the organization conceptualized a violence prevention program for schools and thereby expands its competencies and its reach. In the case of EWS it is the unity of economic activity and political work that has grown over years and significantly contributed to its success that is hard to achieve by others. Customers are not just regarded as customers by EWS, but as fellow-campaigners.

Condensed derivation of strategies in SE

We have seen that strong features of economic and non-economic entrepreneurship as well as business principles are present in SEOs that can be summarized and condensed in the following way:

Since SEOs often pioneer radically new, unprecedented approaches or modify and improve existing approaches to solve social challenges in a ground breaking way – underlined by efforts of performance management – it can be claimed that they take a ‘*vanguard role*’. As they do not do so with primarily commercial goals, we see that the element of innovation itself inherent to the concept of entrepreneurship according to Schumpeter in this case mainly relates to its non-economic form. Same accounts for the SEOs’ role as *institutional entrepreneur* that shape existing structures by their actions and thereby also drive social change. The fact that most SEOs seem to be ahead of existing frameworks and societal attitudes underlines the SEOs function as ‘*visionaries and strategists*’.

Furthermore, the target groups are empowered and take part in the solution of the problem rather than benefiting from a provision by others, which is often referred to as a co-production process both by for-profit and nonprofit scholars. Some SEOs still provide help themselves, but do not focus on doing so on a free-of-charge basis and involve the target group in added value creation instead. In other models the target group creates the added value directly with assistance from the SEOs.

Partnership networks are of special importance in enabling SEOs to strengthen their position and scale their impact through combined efforts – mostly they are even necessary to get the organization started in the first place. Some of the studied SEOs are themselves partnerships between organizations with complementary competencies, often from different sectors. Other SEOs use partnerships for discussion and exchange, mutual learning and expertise transfer. ‘Social embeddedness’ therefore seems to be of much higher importance for SEOs than for commercial entrepreneurs – the fact that they have to act as ‘*politicians*’ when building their essential partnership coalitions goes beyond entrepreneurial business model innovation. The issue becomes even more important when taking into account that the SEOs sociopolitical mission mostly requires a ‘*grass-roots*’ approach to slowly build up awareness, acceptability, trust and credibility in direct interaction with the beneficiaries. This does usually happen, where access from the top will not yield the same effect, is impossible or is being blocked and is of exceptional importance in fields characterized by personal delicacy, which probably is a characteristic of most social problems.

What is more, SEOs try to tap into a diverse system of funding sources of which governments and foundations are essential parts, as is the case for end user fees and company engagement. Often it is an example of third party involvement that is crucial for establishing viable SEO models in the first place. It represents a mixture of nonprofit fund raising practices as well as targeted for-profit efforts of generating income from fees. The combination, however, is distinct from commercial entrepreneurship in the classical sense. *Cross-subsidization* is probably the most obvious distinction and emerges due to the prevalence of the mission of social value creation even for the ‘hard-to-serve’.

‘*Market orientation*’ embodied by ‘*customer orientation*’ and ‘*competitor orientation*’ is clearly present in SE too and plays a major role for the success of SEOs. Due to the social dimension and the aim of working for societal improvements, however, competitors might in some cases be seen as a complement or partners. Furthermore, clear differences remain towards commercial business. The target groups require thorough consideration and uniquely shaped ‘business models’. This accounts especially, with regard to the often found strong

socio-political mission being interpreted as a trait of non-economic entrepreneurs, which might in turn foster an exceptionally strong cohesion of the SEO and its customers. Besides, SEOs often seem to have multiple customers, a fact that makes serving their needs in an integrated way more complex compared to facets of this issue in less hybrid organizations.

Another evident aspect is the strive for developing a unique value proposition in so far as the range of offered services or products represents a complex and highly qualitative combination of features resulting *in a fit that is very hard to imitate*. This is done for the sake of the own target groups, but also to enhance the viability of the own organization. It might serve as a sustainable competitive advantage in the language of commercial business, while it has to be remarked that self-preservation is not a primary aim of SEOs.

It has to be remarked that the revealed or confirmed traits have been found not to appear in isolated form. The studied organizations contained almost all of them across sectors or fields of activity and across cultures – though to a varying degree. Nevertheless, SEOs seem to be characterized by a combination of roles and strategies. They seem to be exceptionally well described by the term ‘*recombineurs*’ that Swedberg used with reference to ‘classical’ entrepreneurs. SEOs even appear to extend the scope of recombination by incorporating a large variety of areas affected by this particularity. SEOs are for instance ‘*recombineurs*’ with regard to: *sector logic, notions of entrepreneurship, roles & strategies, goal sets, mobilized resources, the creation of multi-player setups and stakeholder involvement*.

The just explained particularities of the SE concept common to both, developing and industrialized countries, give rise to expectations that SEOs can solve or at least mitigate two selected defects of the voluntary sector mentioned by Anheier (2005: 130f.). The first one is referred to as ‘philanthropic insufficiency’. The term suggests that charity of comparatively few will not be sufficient enough to challenge the broad range of modern society’s needs. The second defect is called ‘philanthropic amateurism’. It points to the fact that a considerable amount of human resource input in nonprofits comes from volunteer labor, which is a positive aspect of civic engagement, but might at the same time lead to a lack of highly qualified, professional input. Anheier subsequently names governments as complementary partners making up for nonprofits’ weaknesses. He points to the larger amount of resources of governments as well as to the possibility of enhancing quality in the nonprofit sector by introducing standards and benchmarks. The latter measure does, however, try to solve the problem of ‘philanthropic amateurism’ by giving outside guidance that might hardly change the generic problem itself. The increasing entrepreneurial practices and business orientation in SEOs instead might lead to professionalized teams. Greater efficiency and primarily effectiveness might simplify the compensation of experts and attract them to join SEOs. This very aspect might additionally scale the reach of social impact activity significantly and address ‘philanthropic insufficiency’. Even in a scenario where organizations continue to be dependent on philanthropic or government funding, a more effective, entrepreneurial use of the resources or development of innovative services or products would serve this purpose. Additionally taking into account the financial challenges across literally all welfare states and the particular challenges in developing countries, like corruption or an extreme welfare disparity, it becomes more than questionable that governments might really compensate existing weaknesses of the nonprofit sector. SEOs seem to be a valuable complement to the existing spectrum of governmental and nonprofit social impact activity providers in any case. However, we have to keep in mind that also in markets there are always losers.

Cultural differences?

The integrated discussion of SEO strategies shows that despite very different cultural setups prevailing in developing countries and in industrialized countries, SEOs are applying similar strategies. However, as preceding studies have shown SE is heavily influenced by cultural attitudes, legal tradition and particular political frameworks, as well as it is capable of changing those in turn (Kerlin 2009; Bode & Evers 2005; Barraket & Archer 2009). Also it became obvious that we find a larger variety of SEOs in Bangladesh than in Germany in terms of their place of emergence. The initial reasoning that SEOs in developing countries are more likely to start developing from both sides of the continuum between nonprofit and for-profit than in industrialized countries has been approved by the studied sample.

Therefore context does play a major role. Nevertheless we should cease to lead discussions of SE and the more general concept of hybridity in isolated form along geographic focuses and try to draw more cross-cultural comparisons and derive more broad implications where applicable. This accounts for cross-sector studies to a similar extent.

Conclusion

This paper has contributed to depicting entrepreneurial elements in SEOs. It has done so by drawing on existing entrepreneurship as well as more general for-profit and nonprofit theory and by merging it with the empirical analysis of detailed explanations of SEO executives. By combining findings from ten different SEOs across various branches and two countries the findings can be suspected to contain a rather high generalizability. In-depth studies of further SEOs will have to show, if this claim can be maintained. By doing so we might be able to derive an even clearer picture on how SEOs act as commercial, non-economic/societal and also institutional entrepreneurs. In this study we have already seen that SEOs combine and merge entrepreneurial aspects ascribed to both economic entrepreneurship and to non-economic entrepreneurship in the sense of Schumpeter with a special emphasis on driving societal change in general. Additionally the paper has shown how business principles applied by SEOs do complement and support these elements. The fact that SEOs work towards improving general socioeconomic or sociopolitical patterns clearly illustrates that studying SEOs requires a multi-disciplinary approach covering all sorts of entrepreneurial elements and business principles in these organizations. Besides diving deeper into issues of how exactly SEOs act entrepreneurially and in this respect differ from more 'traditional', less hybrid organizations on the micro and meso level, many related fields remain to be explored. Concerning organizational particularities one of the most interesting fields seems to be the exploration of governance mechanisms shaped by or reciprocally shaping these particularities. Thereby we would not only have to include the desired achieving of hybrid goals, but also redesigned inputs and processes (as demanded by Glänzel & Schmitz 2010; Glänzel & Schmitz 2011). Furthermore it is certainly worthwhile to intensify research on the macro level as well. It is to be explored which effect the created impacts of SEOs have on existing (public) structures, how they change or complement them and whether entrepreneurial innovations can be incorporated into those if found to be desirable. Eventually we might ask how we want to ensure that social entrepreneurial activity itself is going to be governed effectively by regulative institutions in order to optimize impact while ensuring and increasing transparency and accountability.

References

- Aiken, M. (2010). Social enterprises: Challenges from the field. In Billis, D. (Ed.), *Hybrid organizations and the third sector: Challenges for practice, theory and policy* (pp. 153–174). Basingstoke: Palgrave Macmillan.
- Aldrich, H. & Ruef, M. (2006). *Organizations evolving*. London: Sage.
- Alter, K. (2006). Social Enterprise models and their mission and money relationships. In Nicholls, A. (Ed.), *Social entrepreneurship: New models of sustainable social change* (pp. 205–232). Oxford: Univ. Press.
- Alvord, S. H., Brown, L. D. & Letts, C. W. (2004). Social Entrepreneurship and Societal Transformation : An Exploratory Study. *The Journal of Applied Behavioral Science*, 40(3), 260–282.
- Anheier, H. K. (2005). *Nonprofit organizations: Theory, management, policy*. London: Routledge.
- Austin, J., Stevenson, H. & Wei-Skillern, J. (2006). Social and Commercial Entrepreneurship: Same, Different, or Both? *Entrepreneurship Theory & Practice*, 30(1), 1–22.
- Badelt, C. (1997). Entrepreneurship theories of the non-profit sector. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 8(2), 162–178.
- Barraket, J. & Archer, V. (2009). *Changing the rules in use? An examination of social enterprise in local governance*. Paper presented at 2009 International Social Innovation Research Conference (ISIRC): Social Innovation - Reconfiguring Markets, Blurring Sector Boundaries and Challenging Institutional Arrangements, Oxford University, UK, September 2009.
- Bode, I. & Evers, A. (2005). From institutional fixation to entrepreneurial mobility? The German Third Sector and its contemporary challenges. In Evers, A. & Laville, J.-L. (Eds.), *The third sector in Europe* (pp. 84–101). Cheltenham: Edward Elgar.
- Bornstein, D. (2007). *How to change the world: social entrepreneurs and the power of new ideas*. Oxford: Oxford Univ. Press.
- Boschee, J. & McClurg, J. (2003). *Towards a Better Understanding of Social Entrepreneurship: Some Important Distinctions*. Institute for Social Entrepreneurs. <http://www.caledonia.org.uk/papers/Social-Entrepreneurship.pdf>.
- Bosma, N. & Levie, J. (2010). *Global Entrepreneurship Monitor*. 2009 Executive Report.
- Brody, E. (1996). Agents without Principals: The Economic Convergence of Nonprofit and For-Profit Organizational Forms. *New York Law School Review*, Vol. XL(No. 3), 457–536.
- CASE (2010). *About CASE*. <http://www.caseatduke.org/about/>, accessed 29.06.2011.
- Chew, C. (2008). *Social Enterprises in Disguise? Towards hybrid forms of voluntary and charitable organizations in the UK*. Research Working Paper RP08/49. Aston University, Birmingham.
- Dees, J. G. (2001). *The meaning of Social Entrepreneurship*. Occasional Paper. Fuqua School of Business, CASE, Durham, NC.

- Dees, J. G. & Anderson, B. B. (2006). Framing a theory of social entrepreneurship: building on two schools of practice and thought. In Mosher-Williams, R. (Ed.), *Research on Social Entrepreneurship: Understanding and Contributing to an Emerging Field* (pp. 39–65). Indianapolis.
- Dees, J. G., Economy, P. & Emerson, J. (2001). *Enterprising nonprofits: A toolkit for social entrepreneurs*. New York: Wiley.
- Defourny, J. (2004). Introduction - From Third Sector to Social Enterprise. In Borzaga, C. & Defourny, J. (Eds.), *The emergence of social enterprise* (pp. 1–28). London: Routledge.
- Drucker, P. F. (1990). *Managing the non-profit organization: Practices and principles*. New York: HarperCollins.
- Edwards, M., Hulme, D. & Wallace, T. (1999). NGOs in a global future: marrying local delivery to world wide leverage. *Public Administration & Development*, 19(2), 117–136.
- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532–550.
- Emerson, J., Wachowicz, J. & Chun, S. (2000). Social Return on Investment: Exploring aspects of value creation in the nonprofit sector. In Roberts Enterprise Development Fund (Ed.), *REDF Box Set: Vol. 2* (pp. 132–173).
- Evers, A. & Laville, J.-L. (2005). Social services by social enterprises: on the possible contributions of hybrid organizations and a civil society. In Evers, A. & Laville, J.-L. (Eds.), *The third sector in Europe* (pp. 237–256). Cheltenham: Edward Elgar.
- Frank, P. M. (2006). Non-profit entrepreneurship: extending the concept of profit opportunities. *International Journal of Entrepreneurship and Innovation Management*, 6(3), 224–240.
- GENISIS Institute for Social Business and Impact Strategies (2009). *Genesis Studie Social Impact Business*, Berlin.
- Glänzel, G. & Schmitz, B. (2011). Hybride Organisationen – Spezial- oder Regelfall?. In Anheier, H., Schröer, A. & Then, V. (Eds.), *Soziale Investitionen*. Wiesbaden: VS Verl. für Sozialwiss. (in press).
- Glänzel, G. & Schmitz, B. (2010). *Rethinking organizational Hybridity – Towards an analytical framework for hybridity*. Paper presented at the “Exploring Social Enterprises“ - conference, UCLA School of Public Affairs, Los Angeles, USA, October 2010.
- Grégoire, D. A., Noel, M. X., Déry, R. & Béchar, J.-P. (2006). Is There Conceptual Convergence in Entrepreneurship Research? A Co-Citation Analysis of Frontiers of Entrepreneurship Research, 1981-2004. *Entrepreneurship Theory & Practice*, 30(3), 333–373.
- Hansmann, H. (1980). The Role of Nonprofit Enterprise. *The Yale Law Journal*, 89(8), 835–902.
- Hjorth, D. & Bjerke, B. (2006). Public entrepreneurship: moving from social/consumer to public/citizen. In Steyaert, C. & Hjorth, D. (Eds.), *Entrepreneurship as Social Change: A Third Movements in Entrepreneurship Book* (pp. 97–120). Cheltenham: Edward Elgar.

Strategies in Social Entrepreneurship: Depicting entrepreneurial elements and business principles in SEOs from Germany and Bangladesh

- Hood, C. (1995). The "New Public Management" in the 1980s: Variations on a theme. *Accounting, Organizations and Society*, 20(2/3), 93–109.
- Kerlin, J. A., ed. (2009). *Social enterprise: A global comparison*. Medford, Mass.: Tufts Univ. Press.
- Kohli, A. K. & Jaworski, B. J. (1990). Market Orientation: The Construct, Research Propositions, and Managerial Implications. *Journal of Marketing*, 54(2), 1–18.
- Krlev, G. (2011a). *Mapping the area of Social Entrepreneurship: The Social Entrepreneurship Scheme*. Working Paper. <http://ssrn.com/abstract=1871907>.
- Krlev, G. (2011b). *Politics of Social Innovation: How can policy makers ensure to effectively utilize social innovations triggered by SEOs?* Paper presented at 2011 International Social Innovation Research Conference (ISIRC), London, UK, September 2011.
- Lincoln, Y. S. & Guba, E. G. (1985). *Naturalistic inquiry*. Newbury Park, Calif.: Sage.
- London, T. (2007). *A Base-of-the-Pyramid Perspective on Poverty Alleviation*. Working Paper. University of Michigan, William Davidson Institute, Michigan.
- London, T. & Hart, S. L. (2004). Reinventing strategies for emerging markets: beyond the transnational model. *Journal of International Business Studies*, 35(5), 350–371.
- Low, M. B. (2001). The Adolescence of Entrepreneurship Research: Specification of Purpose. *Entrepreneurship Theory & Practice*, 26(4), 17–26.
- Mair, J. & Ganly, K. (2010). Social Entrepreneurs: Innovating Toward Sustainability. In Worldwatch Institute (Ed.), *State of the world, 2010: Transforming cultures from consumerism to sustainability* (pp. 103–109). New York: W.W. Norton.
- Mair, J. & Marti, I. (2009a). Entrepreneurship in and around institutional voids: A case study from Bangladesh. *Journal of Business Venturing*, 24, 419–435.
- Mair, J. & Marti, I. (2009b). Social Entrepreneurship as Institution Building. In Robinson, J. A., Mair, J. & Hockerts, K. (Eds.), *International Perspectives on Social Entrepreneurship* (pp. 144–160). Basingstoke, Hampshire: Palgrave Macmillan.
- Martin, R. L. & Osberg, S. (2007). Social Entrepreneurship: The Case for Definition. *Stanford Social Innovation Review*(Spring), 28–39.
- Merriam, S. B. (1995). What can you tell from an N of 1?: Issues of validity and reliability in qualitative research. *PACE Journal of Life Long Learning*, 4, 51–60.
- Morse, J. M., Barrett, M., Mayan, M., Olson, K. & Spiers, J. (2002). Verification Strategies for Establishing Reliability and Validity in Qualitative Research. *International Journal of Qualitative Methods*, 1(2), 13–22.
- Mort, G. S., Weerawardena, J. & Carnegie, K. (2003). Social entrepreneurship: Towards conceptualization. *International Journal of Nonprofit and Voluntary Sector Marketing*, 8(1), 76–88.
- Narver, J. C. & Slater, S. F. (1990). The Effect of a Market Orientation on Business Profitability. *Journal of Marketing*, 54(4), 20–35.
- Nicholls, A. (2006). Introduction. In Nicholls, A. (Ed.), *Social entrepreneurship: New models of sustainable social change* (pp. 1–36). Oxford: Univ. Press.

- Nicholls, A. & Cho, A. H. (2006). Social Entrepreneurship: The Structuration of a Field. In Nicholls, A. (Ed.), *Social entrepreneurship: New models of sustainable social change* (pp. 99–118). Oxford: Univ. Press.
- O'Connor, E. S. (2006). Location and relocation, visions and revisions: opportunities for social entrepreneurship. In Steyaert, C. & Hjorth, D. (Eds.), *Entrepreneurship as Social Change: A Third Movements in Entrepreneurship Book* (pp. 79–96). Cheltenham: Edward Elgar.
- Oldenburg, F. (2009). Was in der Praxis funktioniert, kann in der Theorie nicht falsch sein – Social Entrepreneurship heute. In Henkel, M., Gebauer, J., Lodemann, J., Mohaupt, F., Partzsch, L., Wascher, E. & Ziegler, R. (Eds.), *Social Entrepreneurship - Status Quo 2009: (Selbst)Bild, Wirkung und Zukunftsverantwortung*. Tagungsband, HUB Berlin, Juli 2009.
- Pache, A.-C. & Santos, F. (2011). *Inside the hybrid organization: An organizational level view of responses to conflicting institutional demands*. Working Paper 11001. ESSEC Business School, Cergy Pontoise.
- Patton, M. (2002). *Qualitative research and evaluation methods*. Thousand Oaks, Calif.: Sage.
- Pestoff, V. (1992). Third Sector and Co-Operative Services - An Alternative to Privatization. *Journal of Consumer Policy*, 15(1), 21–45.
- Pestoff, V. & Brandsen, T. (2005). Co-production, the third sector and the delivery of public services: An introduction. *Public Management Review*, 8(4), 493–501.
- Porter, M. E. (1991). Towards a Dynamic Theory of Strategy. *Strategic Management Journal*, 12(Special Issue: Fundamental Research Issues in Strategy and Economics), 95–117.
- Porter, M. E. (1996). What is strategy? *Harvard Business Review*(November-December), 61–78.
- Porter, M. E. & Kramer, M. R. (2006). Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*(December), 2–17.
- Salamon, L. M; Hems, L. C. & Chinnock, K. (2000). *The Nonprofit Sector: For What and For Whom?* The Johns Hopkins Comparative Nonprofit Sector Project, Working Paper No. 37. Johns Hopkins University, Center for Civil Society Studies, Baltimore.
- Salamon, L. M; Sokolowski, W. & List, R. (2003). *Global Civil Society: An Overview*. The Johns Hopkins Comparative Nonprofit Sector Project. Johns Hopkins University, Center for Civil Society Studies, Baltimore.
- Schmitz, B. (2011). *Founding or Transforming? – A comparative case study of Social Intrapreneurship in three German Christian based NPOs*. Paper presented at 2011 ACRN Conference on Social Entrepreneurship Perspectives, Linz, Austria, August 2011.
- Schumpeter, J. A. (1911). *Theorie der wirtschaftlichen Entwicklung*. Leipzig: Duncker & Humblot.
- Schumpeter, J. A. (1934). *The theory of economic development: an inquiry into profits, capital, credit, interest, and the business cycle*. Cambridge, MA: Harvard University Press.
- Schumpeter, J. A. (1994). *Capitalism, Socialism, Democracy*. London: Routledge.

- Seelos, C. & Mair, J. (2007). Profitable Business Models and Market Creation in the Context of Deep Poverty: A Strategic View. *Academy of Management Perspectives*(November), 49–63.
- Seelos, C. & Mair, J. (2009). Hope for sustainable development: how social entrepreneurs make it happen. In Ziegler, R. (Ed.), *An introduction to social entrepreneurship: Voices, preconditions, contexts* (pp. 228–246). Cheltenham: Edward Elgar.
- Seelos, C; Mair, J., Battilana, J. & Dacin, M. T. (2010). *The embeddedness of Social Entrepreneurship: Understanding variation across local communities*. Working Paper WP 858. IESE Business School, Barcelona.
- Sharir, M., Lerner, M. & Yitshaki, R. (2009). Long-Term Survivability of Social Ventures: Qualitative Analysis of External and Internal Explanations. In Robinson, J. A., Mair, J. & Hockerts, K. (Eds.), *International Perspectives on Social Entrepreneurship* (pp. 75–96). Basingstoke, Hampshire: Palgrave Macmillan.
- Simanis, E. & Hart, S. L. (2008). *The Base of the Pyramid Protocol: Toward Next Generation BoP Strategy*. Cornell University, Johnson School of Management, Center for Sustainable Global Enterprise. <http://www.bop-protocol.org/docs/BoPProtocol2ndEdition2008.pdf>.
- Simms, S. V. K. & Robinson, J. A. (2009). Activist or Entrepreneur? An Identity-based Model of Social Entrepreneurship. In Robinson, J. A., Mair, J. & Hockerts, K. (Eds.), *International Perspectives on Social Entrepreneurship* (pp. 9–26). Basingstoke, Hampshire: Palgrave Macmillan.
- Skloot, E. (2000). Evolution Or Extinction: A Strategy for Nonprofits in the Marketplace. *Nonprofit and Voluntary Sector Quarterly*, 29, 315–324.
- Slater, S. F. & Narver, J. C. (1994). Does Competitive Environment Moderate the Market Orientation-Performance Relationship? *Journal of Marketing*, 58(1), 46–55.
- Stehr, N. (2007). *Die Moralisierung der Märkte: Eine Gesellschaftstheorie*. Frankfurt am Main: Suhrkamp.
- Steinberg, R. & Weisbrod, B. A. (1998). Pricing and rationing by nonprofits with distributional rationing. In Weisbrod, B. A. (Ed.), *To profit or not to profit: The commercial transformation of the nonprofit sector* (pp. 65–82). Cambridge: Cambridge Univ. Press.
- Steyaert, C. & D. Hjorth, eds. (2006). *Entrepreneurship as Social Change: A Third Movements in Entrepreneurship Book*. Cheltenham: Edward Elgar.
- Swedberg, R. (2006). Social Entrepreneurship: the view of young Schumpeter. In Steyaert, C. & Hjorth, D. (Eds.), *Entrepreneurship as Social Change: A Third Movements in Entrepreneurship Book* (pp. 21–34). Cheltenham: Edward Elgar.
- Swedberg, R. (2009). Schumpeter's full model of entrepreneurship: economic, non-economic and social entrepreneurship. In Ziegler, R. (Ed.), *An introduction to social entrepreneurship: Voices, preconditions, contexts* (pp. 77–106). Cheltenham: Edward Elgar.
- Waddock, S. A. & Post, E. J. (1991). Social Entrepreneurs and Catalytic Change. *Public Administration Review*, 41(5), 393–401.
- Welter, F. (2011). Contextualizing Entrepreneurship-Conceptual Challenges and Ways Forward. *Entrepreneurship Theory and Practice*, 35(1), 165–184.

- Wiklund, J., Davidsson, P., Audretsch, D. B. & Karlsson, C. (2011). The Future of Entrepreneurship Research. *Entrepreneurship Theory and Practice*, 35(1), 1–9.
- Yunus, M. & Weber, K. (2007). *Creating a world without poverty: Social business and the future of capitalism*. New York: Perseus Books.
- Yunus, M; Moingeon, B. & Lehmann-Ortega, L. (2009). *Building Social Business Models: Lessons from the Grameen Experience*. Working Paper No. 913. HEC Paris, Paris.

Biographical notes

Gorgi Krlev holds a master's degree in Business Administration with intercultural qualification (Anglo-American studies) from the University of Mannheim. He has dealt with various issues of hybrid organizations – exemplified by ‘professionalized’ nonprofits, social entrepreneurial organizations, social businesses, (strategic) corporate social responsibility activities and ‘base-of-the-pyramid’ business models among others – both in academic research and in practice. His current work at the Centre for Social Investment (CSI) at the University of Heidelberg focuses on issues of “Governance and Leadership in Hybrid Organizations”. Simultaneously he is preparing to pursue a PhD.

Gorgi's main research interests lie in social impact measurement and rating; social investment; leadership, governance and strategic challenges in hybrid organizations; and (political) framework analysis in this context. The phenomenon of Social Entrepreneurship – especially in industrialized countries, but also in an international comparative perspective – is one of the grounding frameworks for his work.